

- **FICCI COMMENTS ON WPI BASED INFLATION NUMBERS**
(14 January 2016)

Reacting to the latest WPI based inflation numbers, FICCI said that we see a continuation of the deflationary trend, albeit at a slower pace. Prices of select food articles, however, continue to exhibit pressure on the upside and this needs continuous monitoring by the government. Raising agri-productivity and astute supply side management is the key to tackling the elevation in prices of food articles.

It may be added that the continuation of the deflationary trend is an indication of weak demand in the economy besides being the spillover effect of lower oil and commodity prices. The latest data on industrial production once again highlights the precarious nature of recovery in this sector. We hope that the central bank will respond to the situation appropriately and take steps that would aid the process of industrial recovery. At this juncture, propelling growth and creating jobs should be a priority and all policy levers should be geared towards that objective.

- **FICCI COMMENTS ON IIP DATA**
(12 January 2016)

The steep fall in the manufacturing sector growth is because both the export and domestic demand, especially the rural demand have slowed down. It also underlines the need for more measures to stimulate investments and deeper structural reforms, said FICCI.

FICCI Manufacturing Survey has expected the sector to slowdown in quarter three of FY 2015-16. Given the fact that several sectors have registered negative growth, it only indicates the need for immediate and new measures to diversify exports and stimulate demand, noted FICCI. The slowdown in export may impact the growth of manufacturing.

FICCI's Voice – SG's Desk is a service to all our members and also shared with key policy makers and thought leaders. The document is a compilation of major topical issues that we take up with the Central, State governments and other concerned authorities. These issues come to us directly from members, or through deliberations in conferences, seminars etc. on sectoral issues, as also through Government notifications.

***** This issue of FICCI's Voice is a compilation of issues taken up by FICCI in the month of January 2016***

- **FICCI PRESIDENT HAILS PM'S VISION FOR STARTUP INDIA**

Welcoming the Vision of Hon'ble Prime Minister Shri Narendra Modi, FICCI President, said that it is indeed a landmark moment and a major shift as we are looking at an unshackled regime where the Government would merely be a facilitator of the entrepreneurship in the country that would provide employment for our large young population.

We are sure that the eco-system been envisioned and the incentive been provided as a part of this strategy for Startup India will encourage large number of young entrepreneurs in the country to come forward with innovative startups. FICCI is an official partner for the launch of "Startup India, Standup India" initiative of the Prime Minister.

- **COP 21 OUTCOMES AND IMPLICATIONS FOR INDIA**

FICCI organised an Industry Interactive Session on 'COP 21 Outcomes and Implications for India' to highlight that Indian business and industry has to play a crucial role if India has to realise its ambitious climate change adaptation and mitigation goals as outlined in its Intended Nationally Determined Contributions (INDCs).

FICCI suggested five key areas which can be taken up by the MoEFCC to effectively engage the private sector in the climate action. This included, firstly, setting up a Working Group to look at industry's role in INDCs' implementation; secondly, defining inter-ministerial roles for INDC implementation; thirdly, capacity building of institutions and industry; fourthly, prioritising key climate friendly technologies; and fifthly, mobilizing private and public capital towards low carbon growth.

- **NATIONAL IPR POLICY & STRICT ENFORCEMENT OF LAWS WILL PROTECT IP RIGHTS**

FICCI stated that the Government's ambitious campaigns such as 'Make in India' and 'Digital India' could be used to aggressively spread consumer awareness on the importance of promoting the manufacture and sale of genuine products in the country and about cyber-crimes, misuse of e-commerce by unscrupulous elements. However, the focus has to be equally on the legal and policy measures that need to be incorporated.

FICCI said that the need of the hour today was tangible actions to strengthen laws and increase enforcement against illicit trade practices if industry has to grow and thrive. What is needed is an orchestrated strategy with participation from policy makers, industry, civil society and organizations, to work together and comprehensively address this complex challenge.

- **SIMPLIFICATION AND RATIONALIZATION OF THE EXISTING RULES AND INTRODUCTION OF INFORMATION TECHNOLOGY TO MAKE GOVERNANCE MORE EFFICIENT AND EFFECTIVE**

FICCI said that the Government has embarked on a reforms programme focused on making India an easy place to do business. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. Jan Dhan Yojana, Aadhaar and Mobile number (JAM) trinity is acting as a game changing reform that is allowing transfer of benefits in a leakage-proof, well-targeted and cashless manner.

FICCI said that the technology was changing the world and its transformative powers were evidently visible in India. New technologies were deeply impacting governance, society, and security and this

year's i-Bharat conference aimed to bring together leaders from all segments of industry and government to explore and demystify the complex technology trends and reach at solutions and execution techniques of the programs to connect India digitally. The government and industry needed to figure out new solutions to speed up the process of making India digital.

- **FICCI'S SUBMISSION AT THE PRE-BUDGET CONSULTATIVE MEETING WITH FINANCE MINISTER**

1. Fiscal Management

Given the need to support economic recovery, we feel that public investments, particularly in infrastructure, need to be stepped up even next year. For this if we need to recalibrate the fiscal deficit target a bit, then we must go ahead with the same. It is good to note that the focus of the government is on productive expenditure that adds to the capacity of the economy and not on consumptive expenditure.

There is a need to widen the tax base – all incomes (irrespective of the source) above a certain threshold need to be taxed. To ensure that there is no tax evasion, the government should consider making filing of returns / declaration of all incomes mandatory over a particular threshold, say Rs. 10 lakhs.

2. Minimum Alternate Tax

As the government draws up a plan to eliminate exemptions and reduce the corporate tax rate, we feel that it must simultaneously look at reduction in the Minimum Alternate Tax rate.

3. Make 'Make in India' happen through focus on infrastructure

Besides 'ease of doing business', we need to improve the 'cost of doing business' in the country. In this context, the quality and availability of infrastructure assumes great significance. The Government must leverage the 'annuity model', wherein private investors can recover their cost in a series of semi-annual payments from the Government over the concession period.

Under 'National Investment and Infrastructure Fund', the government may consider earmarking certain sectors as 'focus sectors' on an annual basis. So in year 1 – we can look at roads and ports, in year 2 we may look at airports, in year 3 focus can be on inland waterways. This will ensure that sufficient funding gets targeted to specific sectors rather than spreading funds across all sectors in any given year.

4. Focus on Housing

To achieve 'Housing for All' target and promote affordable housing, the government should consider providing 3 per cent interest rate subvention (as provided to exporters) for loan taken up to Rs 10 lakhs. Stamp duty exemption may also be provided for such dwellings.

5. MSMEs and Start-ups need to be encouraged to create large livelihood opportunities

Employer's contribution towards employment benefits like PF and ESI can be paid by the government for the start-up businesses for a defined period of say 3 to 5 years.

6. Overhaul the tax administration and dispute resolution machinery. The Government may consider the report of the Tax Administration Reforms Commission chaired by Dr. P Shome.

Give up the policy of setting tax collection / revenue targets for tax officers, since tax collections vary with the economic cycle/business conditions. Judiciousness and fairness in the assessment orders passed by the officers should be made a criterion for performance appraisal of the assessing officers.

Proactively clarify contentious tax related issues to minimise disputes. This may be in the form of circulars, instructions, position papers, etc.

Automate the process flow of various activities (permissions, refunds, adjudications etc.) of the tax departments for transparency and effective monitoring. Digitally signed mails should be recognised as formal communications at par with signed paper communications.

Introduce binding statutory timelines for adjudication of matters relating to indirect taxes.

Remove mandatory pre-deposit for filing appeals in tax matters. Given the adverse rate of success of litigation in favour of revenue there should be no pre-deposit for filing appeals up to the Tribunals.

- **FICCI WELCOMES SUGGESTION TO LEGALIZE SPORTS BETTING IN INDIA**

FICCI welcomes suggestion to legalise sports betting in India. FICCI has been advocating legalization of sports betting in India for the past 4 years and have been pushing this agenda with the Central and state governments. FICCI feels that the issue should be discussed with the stakeholders in the sports sector before tabling any bill in the Parliament for further debate.

Sports betting and frauds have been affecting the credibility of sports in the country. After frequent incidents of sports fraud around sports betting, in 2012, FICCI had launched the debate on regulating sports betting in India. Much has happened since then in illegal sports betting area.

- **INDIAN TEXTILE EXPORTS GETTING AFFECTED DUE TO US PROCUREMENT LEGISLATION: FICCI URGES THE GOVERNMENT TO TAKE UP THE ISSUE WITH THE US**

FICCI in its recent representation to the Ministry of Textiles and Ministry of Commerce and Industry said that the textile exports from India are getting affected now as a result of the US legislation for federal procurement stipulating sourcing of raw materials to be from the designated countries only or from domestic suppliers of the US. FICCI has requested the Government of India to take up the issue either bilaterally or multilaterally with the US government to resolve the issue amicably.

- **INDO-FRENCH BUSINESS LEADERS ENGAGE TO STRENGTHEN PARTNERSHIPS**

FICCI said that over the years, French investments and business entities have not only stood the test of time, but have firmly reposed their unwavering faith in India's growth story. Today over 800 French companies are having their presence felt in India. The numbers are impressive and given the thrust by the Government of India, we are certain that the future augurs well for us to witness a quantum increase in fence companies making in India.

FICCI urges France to view India as the most promising business and investment destination. Time would then testify that businesses rose to the occasion to herald a new era of cooperation to take India-France relations to newer heights.

For more details contact FICCI Membership
at tripti.kataria@ficci.com